

INDUSTRY UPDATE

Biweekly Period Ending June 3, 2000

Phoenix Metro Area

Manufacturing

Seeking a quick solution to expand its chip-making capacity, Chandler-based **Microchip Corp. abandoned plans** to build a **\$1 billion fabrication plant** in the Valley city. Instead, Microchip will buy an existing vacant plant in Washington state. The change of plans will **cost Chandler 1,000 jobs** (primarily technicians), but Chandler officials believe that eventually the maker of microcontrollers for a variety of electronic products will build a similar-size plant next to a new corporate headquarters currently being built. Most of Microchip's administrative and engineering operations are located in Chandler and Tempe.

Finance, Insurance, and Real Estate

VenServe, a California company that **sets up financing for businesses' large purchases**, will **locate** several of its operations in **Tempe**. Based in the L.A. suburb of Agoura Hills, VenServe will operate its **data storage, human resources, customer service, and direct sales units** in a 20,000-square-foot building at 2626 S. Roosevelt St. The company expects to **employ between 140 and 160 people** — primarily in clerical, customer service, and sales positions — by **2003**. One reason three-year-old VenServe chose Tempe was the company's close working relationship with computer-equipment reseller Insight Enterprises Inc., which is based in the east Valley city.

Trade

Despite what one grocery executive called an "overbuilt" market, the **Phoenix metro area** will continue to see rapid growth of su-

permarkets this year, including "mega-stores" that offer up to 200,000 square feet of shopping. Plans call for the state's largest privately-owned chain, **Bashas'**, to open stores this year at **Gold Canyon Ranch** (Apache Junction) and **40th Street and Thunderbird** in Phoenix; the Kroger Co. of Cincinnati, which owns Fred Meyer and Fry's, will open **two new Fry's** locations this year; **Safeway** will **add three** Valley stores in 2000, one each in **Scottsdale, Sun City**, and the **Antem community** north of Phoenix near Interstate 17; **Albertson's** will **open four** Valley stores in 2000 (**Gilbert, Peoria, Mesa, and northeast Phoenix**) and start work on a fifth in Chandler; and **Wal-Mart** expects to open a "supercenter" at **40th Street and Thomas** in Phoenix this year, with plans to start building another near Falcon Field in Mesa.

Services

Due to the **planned closure** of **three Mesa medical clinics**, about **half of Casa Blanca Medical Group's 500 employees** will lose their jobs by the **end of July**. Casa Blanca will shut down its three Mesa sites because of mass resignations by doctors over the past few months. Casa Blanca clinics in Gilbert and Apache Junction, however, will remain open, with some employees transferring to those operations. Increased patient volume, a drop in pay, and poor management were blamed for the doctors leaving the clinics, which are owned by Nashville-based PhyCor. Inc.

The rise of the Internet has spurred hundreds of new cottage industries, including online training. One of those dot-com training companies is **Scottsdale-based KnowledgeNet**, which recently received \$33 million in venture capital and expects to **hire 180 addi-**

tional workers this year when it moves into new 55,000-square-foot offices. KnowledgeNet specializes in training for corporations, but also offers its services to universities and government.

Taking advantage of its dominance throughout the computer industry, **Intel Corp.** is **spinning off** a new Internet company called **DevelopOnline.com**. Expecting to **hire 100 people** by the **end of 2000**, the company will act as an online laboratory for piecing together parts for new products. For example, a start-up business could test whether a product it is designing will work with other existing products by building a virtual model of the proposed device. The electronic workshop is expected to shorten the time it takes to develop products from years to months. DevelopOnline will move to offices at the **Centerpoint in Tempe** in September.

Tucson Metro Area

Manufacturing

Cybernetic Research Laboratories expects to **add 100 skilled workers** in the **next two years** to make several products — cable, relay and ladder racks, and computer cabinets — for a New York manufacturer that specializes in producing computer hardware equipment. Tucson-based Cybernetic, which will immediately begin producing equipment for AFCO Systems, plans to have a new manufacturing facility within the next year to 15 months.

Services

Sprint has selected its Tucson call center to **support services** for its new **Broadband Wireless Group**. The move will **expand the workforce** at the center **from 65 to 450** by the **end of 2000**. All of the new positions will be full-time and pay about \$9 an hour. A new 40,000-square-foot facility will be added at Sprint's operations at 3160 E. Transcon Way to accommodate the additional workers.

Global Gateway, which provides Internet and data-management services by way of

"telecom hotels," is opening an office in Tucson. The Los Angeles-based company expects to **permanently employ 75 technicians** in Tucson, where it will purchase buildings for storing computer servers and other equipment to operate telecommunications networks for other businesses. Global Gateway has purchased the 98,000-square-foot building currently housing the headquarters of Tucson Electric Power, 220 W. Sixth St., for its Tucson operations.

Balance of State

Government

Two defense contracts worth potentially more than \$500 million over five years will **create hundreds of jobs** (primarily information technology) in the **Sierra Vista area**. Greenbelt, Md.-based **OAO Corp.** and **Signal Corp.** of Fairfax, Va., **began hiring** workers **in April** for positions such as programmer, systems analyst, and network specialist. The U.S. Army's largest communications hub is located at Fort Huachuca in Sierra Vista. OAO has leased a 45,000 square-foot building in a Sierra Vista industrial park, while Signal leased office space in a former shopping center on Wilcox Drive near the Army base.

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